

Approved by the  
Extraordinary General  
Shareholders'  
Meeting of "Southern  
Telecommunications Company"  
PJSC on January 21, 2003.  
Minutes № \_\_\_\_ of January 21,  
2003

Chairman of the General  
Shareholders' Meeting  
\_\_\_\_\_ V.L. Gorbachev

**CHARTER**  
**Public Joint Stock Company "Southern Telecommunications**  
**Company"**

**Krasnodar**  
**2003**

## **Article 1**

### **General clauses**

- 1.1. Public Joint Stock Company "Southern Telecommunications Company" (hereinafter – “the Company”) has been established as an open-type joint stock company “Kubanelectrosvyaz” by the State Committee for governing of public assets in the Krasnodar Territory pursuant to the Decree № 721 of the President of the Russian Federation of 1 July, 1992 “On special measures of transformation of the state enterprises and corporations into joint stock companies” and the Act of the Government of the Russian Federation № 1003 of 22 December, 1992 “On privatization of telecommunication enterprises”.
- 1.2. The Company is a successor of the state enterprise for communication and informatics “Rossvyazinform” of the Krasnodar Territory.
- 1.3. On 30 May, 2001 Annual General Shareholders’ Meeting of Public Joint Stock Company “Kubanelectrosvyaz” approved the resolution on making amendments to the Company’s Charter dealing with renaming of the Company into Public Joint Stock Company "Southern Telecommunications Company" (the amendments were registered by the Krasnodar City Registration Chamber № 16048 of 28 June 2001).
- 1.4. On 02 August 2002 Regional Tax Agency in the Krasnodar Territory № 4 made an entry in the Common state register of juridical persons on the juridical person registered before 01 July, 2002 with principal state registration number (hereinafter OGRN) № 1022301172112.
- 1.5. Pursuant to the resolution of the General Shareholders’ Meeting of 21 December 2001 the Company was reorganized through merger of the following companies into it:
  - Public Joint Stock Company “Electrosvyaz of Adygeia Republic” (hereinafter – JSC “Electrosvyaz of Adygeia Republic”) OGRN 1020100693876, location: 22a, Zhukovskogo Str., Maykop, Adygeia Republic, 352 700;
  - Public Joint Stock Company “Svyazinform”, Astrakhan Region (hereinafter – JSC “Svyazinform”, Astrakhan Region, OGRN 1023000816530, location:: 7/8, Teatraljny per., Astrakhan, 414 000;

- Volgograd Public Joint Stock Company “Electrosvyaz” (hereinafter – JSC “Volgogradelectrosvyaz”), OGRN 1023403428993, location: 9, Mira Str., Volgograd, 400 131;
- Public Joint Stock Company “Kabardino-Balkarskie Telekomunikatsii” (hereinafter – JSC “KabBalktelecom”), OGRN 1020700737650, location: 14, Shogentsukova Str., Nalchik, Kabardino-Balkarian Republic, 360 000;
- Public Joint Stock Company “Electrosvyaz” of Kalmykia Republic” (hereinafter – JSC “Electrosvyaz” of Kalmykia Republic”), OGRN 1020800002112, location: 255, Lenin Str., Elista, Kalmykia Republic, 358 000;
- Public Joint Stock Company “Karachaevo-Cherkesskelectrosvyaz” (hereinafter – JSC “Karachaevo-Cherkesskelectrosvyaz”) OGRN 1020900507924, location: 17, Soyuzny per., Cherkessk, Karachaevo-Cherkesian Republic, 357 100;
- Public Joint Stock Company “Electrosvyaz” Rostov Region (hereinafter – JSC “Rostovelectrosvyaz”) OGRN 1026103265550, location: 47, Bratski per., Rostov-on-Don, 344 082;
- Public Joint Stock Company “Sevosetinelectrosvyaz”(hereinafter – JSC “Sevosetinelectrosvyaz”) OGRN 1021500574644, location: 8a, Butyrina Str., Vladikavkaz, Severnaya Osetia – Alania Republic, 362 040;
- Public Joint Stock Company “Electrosvyaz” of Stavropol Territory”(hereinafter – JSC “Electrosvyaz” of Stavropol Territory) OGRN 1022601930658, location: 10/12, Oktyabrskoi Revolutsii pr., Stavropol, 355 035.

Pursuant to:

- Transfer Deed of 10 December, 2001 approved by the General Shareholders’ Meeting of JSC “Electrosvyaz of Adygeia Republic” on 10 December, 2001,
- Transfer Deed of 5 December, 2001 approved by the General Shareholders’ Meeting of JSC “Svyazinform” Astrakhan Region on 5 December, 2001,
- Transfer Deed of 18 December, 2001 approved by the General Shareholders’ Meeting of JSC “Volgogradelectrosvyaz” on 18 December, 2001,
- Transfer Deed of 6 December, 2001 approved by the General Shareholders’ Meeting of JSC “Kabbalktelecom” on 6 December, 2001,

- Transfer Deed of 5 December, 2001 approved by the General Shareholders' Meeting of JSC "Electrosvyaz" Kalmykia Republic on 5 December, 2001,
- Transfer Deed of 4 December, 2001 approved by the General Shareholders' Meeting of JSC "Karachaevo-Cherkesskelectrosvyaz" on 4 December, 2001,
- Transfer Deed of 19 December, 2001 approved by the General Shareholders' Meeting of JSC "Rostovelectrosvyaz" on 19 December, 2001,
- Transfer Deed of 5 December, 2001 approved by the General Shareholders' Meeting of JSC "Electrosvyaz" Stavropol Territory on 5 December, 2001,
- Transfer Deed of 7 December, 2001 approved by the General Shareholders' Meeting of JSC "Sevosetinelectrosvyaz" on 7 December, 2001,

the Company shall act as a successor of all the rights and liabilities of JSC "Electrosvyaz of Adygeia Republic", JSC "Svyazinform" Astrakhan Region, JSC "Volgogradelectrosvyaz", JSC "Kabbalktelecom", JSC "Electrosvyaz" Kalmykia Republic, JSC "Karachaevo-Cherkesskelectrosvyaz", JSC "Rostovelectrosvyaz", JSC "Electrosvyaz" Stavropol Territory, JSC "Sevosetinelectrosvyaz" with respect to all their creditors and debtors.

On 31 October, 2002 Interregional inspection № 1 of the Ministry of Tax Revenue of the Russian Federation in Adygeia Republic registered cessation of activities of JSC "Electrosvyaz of Adygeia Republic" resulting from its reorganization through merger into the Company.

On 31 October, 2002 Kirovski regional inspection of the Ministry of Tax Revenue of the Russian Federation in Astrakhan registered cessation of activities of JSC "Svyazinform" Astrakhan Region resulting from its reorganization through merger into the Company.

On 31 October, 2002 Central regional inspection of the Ministry of Tax Revenue of the Russian Federation in Volgograd registered cessation of activities of "Volgogradelectrosvyaz" PJSC resulting from its reorganization through merger into the Company.

On 31 October, 2002 inspection of the Ministry of Tax Revenue of the Russian Federation in Nalchik, Kabardino-Balkaria Republic, registered cessation of activities of JSC "Kabbalktelecom" resulting from its reorganization through merger into the Company.

On 31 October, 2002 inspection of the Ministry of Tax Revenue of the Russian Federation in Elista, Kalmykia Republic, registered cessation of activities of JSC "Electrosvyaz" Kalmykia Republic resulting from its reorganization through merger into the Company.

On 31 October, 2002 inspection of the Ministry of Tax Revenue of the Russian Federation in Cherkessk, Karachaevo-Cherkessk Republic, registered cessation of activities of JSC “Karachaevo-Cherkesskelectrosvyaz” resulting from its reorganization through merger into the Company.

On 31 October, 2002 Leninski regional inspection of the Ministry of Tax Revenue of the Russian Federation in Rostov-on-Don registered cessation of activities of JSC “Rostovelectrosvyaz” resulting from its reorganization through merger into the Company.

On 31 October, 2002 Iristonski regional inspection of the Ministry of Tax Revenue of the Russian Federation in Vladikavkaz, Severnaya-Osetia – Alania Republic, registered cessation of activities of JSC “Sevosetinelectrosvyaz” resulting from its reorganization through merger into the Company.

On 31 October, 2002 Promyshlenniy regional inspection of the Ministry of Tax Revenue of the Russian Federation in Stavropol registered cessation of activities of JSC “Electrosvyaz” Stavropol Territory resulting from its reorganization through merger into the Company.

1.6. On 31 October 2002 Regional Tax Agency № 4 of the Ministry of Tax Revenue of the Russian Federation in the Krasnodar Territory made an entry in the Common state register of juridical persons on state registration of amendments introduced into constitutive documents of the legal person (registration of reorganization) with OGRN 2022301172540.

## **Article 2**

### **Name, address**

2.1. The Company’s full registered name in Russian is Открытое акционерное общество «Южная телекоммуникационная компания».

2.2. The Company’s abbreviated name in Russian is ОАО «ЮТК» or ОАО «Южная телекоммуникационная компания».

2.3. The Company’s full registered name in English is Public Joint Stock Company "Southern Telecommunications Company".

2.4. The Company’s abbreviated name in English is “UTK” PJSC.

2.5. Address of the Company’s principal office is the following: 66, Karasunskaya Str., Krasnodar, 350 000

2.6. The Company's postal address is the following: 66, Karasunskaya Str., Krasnodar, 350 000

### **Article 3**

#### **Legal status of the Company**

3.1. The Company gets the status of open joint stock company. The Company is established for unlimited period of activity.

The Company's legal status, forms of its activity, reorganization and liquidation as well as rights and obligations of the Company's shareholders shall be determined by the Civil Code of the Russian Federation, Federal Law "On Joint Stock Companies", other federal laws and legal acts of the Russian Federation, issued by respective state institutions within the terms of their reference, and by the present Charter.

In case of changes in the current legislation of the Russian Federation the present Charter shall be valid in the part not contradicting imperative legal regulations.

Matters not regulated by the present Charter shall be considered by the Company in accordance with applied legislation of the Russian Federation and other legal acts issued by corresponding state institutions within the terms of their reference.

3.2. The Company gets the status of legal entity and holds legal title for its separate assets included in its independent balance sheet, may in its own name acquire and use its proprietary and personal rights, incur liabilities to sue and be sued in the court.

The Company shall have a round seal inscribed with its full registered name in Russian and the Company's seat. The Company may have other seals inscribed in accordance with established standards as well as stamps, blanks with its name, its own label (brand), duly registered trade mark and other forms of visual identification.

The Company's branches and structural units may have a round seal inscribed with full registered names of the Company and the branch or structural unit in Russian and the Company's seat. They may also have other seals inscribed in accordance with established standards as well as stamps, blanks having common registered style, information on presence of round seals shall be included into Regulations on corresponding branches or structural units.

The Company shall have the right to open bank accounts in accordance with established order in the territory of the Russian Federation and abroad.

3.3. The Company shall be liable under its obligations with all assets being its property. The shareholders shall not be liable for any obligations of the Company and bear risks of losses arising from the Company's activity within the value of shares owned by them. The shareholders failing to pay the full value of the shares, shall be subject to joint liability under the obligations of the Company within the unpaid part of shares owned by them.

3.4. The Company shall not be liable for the obligations of the state and its bodies as well as the obligations of its shareholders, and the state itself and its bodies as well as the Company's shareholders shall not be liable for the obligations of the Company.

3.5. In order to carry out state social, economic and tax policy the Company shall be liable for safe keeping of documents (administrative, financial, economic, personnel and other), the Company shall hand over documents of scientific and historical importance to State Archives, have custody of records dealing with staff as well as personal information on its employees and use them in accordance with prescribed order.

**3.6. The Company's financial year is set from 1st January to 31st December inclusive. (1)**

#### **Article 4**

##### **Purpose and subject of the Company's activity**

4.1. The Company's purpose is to gain profit.

4.2. The main areas of the Company's activity are the following: (2)

**4.2.1. development and operation of telecommunications;**

**4.2.2. provision of local and zonal telephone services;**

**4.2.3. provision of domestic long-distance and international telephone services;**

**4.2.4. provision of telegraph services, data transmission and telematic services (including Internet);**

**4.2.5. lease of physical circuits, channels and routes including broadcasting channels;**

**4.2.6. broadcasting sound programs via wired radio network;**

**4.2.7. provision of paging services;**

**4.2.8. provision of cellular telephone services;**

**4.2.9. provision of mobile wireless services (of "Altay" type);**

**4.2.10. provision of radial and zonal network services (trunking);**

**4.2.11. provision of intelligent network services;**

- 4.2.12. provision of TV on-air and cable broadcast services, services of additional data transmission and broadcast of TV and sound programs;**
- 4.2.13. realization of satellite communication;**
- 4.2.14. verification of measuring units;**
- 4.2.15. making TV programs;**
- 4.2.16. priority provision of telecom services for organizations of state administration, defense, security and law and order;**
- 4.2.17. reconstruction of telecom networks and facilities after breakdowns and damages;**
- 4.2.18. provision of telecom services in the states of emergency;**
- 4.2.19. realization of mobilization plans of telecom network in the states of emergency in accordance with a prescribed order;**
- 4.2.20. Design and construction of industrial and social objects, houses, their reconstruction and capital repairs;**
- 4.2.21. working out design estimates of the subjects of building, capital repairs and reconstruction and their approval in a prescribed order;**
- 4.2.22. provision of engineering services including execution of permits;**
- 4.2.23. development of investment plans and technicoeconomic basis of construction;**
- 4.2.24. technical inspection of building and assembly jobs;**
- 4.2.25. organization of building control;**
- 4.2.26. architectural engineering;**
- 4.2.27. design, engineering and construction of communication facilities;**
- 4.2.28. design of engineering networks and systems;**
- 4.2.29. execution of building and assembly jobs including digging;**
- 4.2.30. construction of outside engineering networks and equipment;**
- 4.2.31. construction of internal engineering systems;**
- 4.2.32. installation of communication equipment;**
- 4.2.33. town planning works;**
- 4.2.34. design of buildings and facilities of the I or II levels of responsibility according to national standard;**
- 4.2.35. Engineering survey for construction of buildings and facilities of the I or II levels of responsibility according to national standard;**
- 4.2.36. production of some building materials, elements and products;**
- 4.2.37. execution of building and assembly jobs, construction of communication facilities;**
- 4.2.38. execution of geodesic and cartographic works;**

- 4.2.39. organization of protection of data being State secret, secret of communication and other registered secret;**
- 4.2.40. operating dangerous production divisions, operating gas equipment;**
- 4.2.41. organization and provision of complex protection of public interests from unlawful encroachments;**
- 4.2.42. organization and provision of economic security;**
- 4.2.43. organization and provision of complex system of data protection;**
- 4.2.44. issue of certificates for electronic signatures, registration of holders of electronic signatures, provision of services connected with usage of electronic signatures and certification of genuineness of electronic signatures;**
- 4.2.45. preventive measures and fire-fighting (training, normative-technical works);**
- 4.2.46. installation, repair and maintenance of fire protection systems;**
- 4.2.47. development of antifire measures, scientific and technical consulting on fire protection;**
- 4.2.48. design, installation, repair and maintenance of fire protection signaling systems;**
- 4.2.49. provision of observance of legal regulations on protection of labor;**
- 4.2.50. training and examination of the company's executive officers and specialists on the questions of protection of labor;**
- 4.2.51. measuring of health parameters of workplaces;**
- 4.2.52. purchasing and marketing including retail and wholesale trade, barter trade with domestic and foreign companies of different titles of ownership as well as with natural persons;**
- 4.2.53. sale of fuel and lubricating materials;**
- 4.2.54. purchasing, production, processing and selling of products of agriculture, fishery, beekeeping, cattle-breeding, poultry keeping;**
- 4.2.55. technical maintenance and repair of communication, computer and informatics facilities;**
- 4.2.56. testing equipment for its certification;**
- 4.2.57. training of personnel in the sphere of communications and informatics;**
- 4.2.58. provision of scientific and technical, informational, leasing, intermediate, advertising, consumer and other services to enterprises, firms, organizations and natural persons;**
- 4.2.59. creation and assignation of scientific and technical documentation including software, technologies, video films, polygraphic models;**

- 4.2.60. provision of expert and consulting services;
- 4.2.61. usage of transport;
- 4.2.62. provision of motor and tractor services;
- 4.2.63. transportation of goods by own transport units;
- 4.2.64. provision of transport and forwarding services;
- 4.2.65. polygraphic activity, printing of blanks, directories, information bulletins and other printing production ( after obtaining a license in accordance with a prescribed by current legislation order);
- 4.2.66. organizing and conducting exhibitions, conferences and presentations;
- 4.2.67. keeping kindergartens, tourist centers, pioneer camps and canteens;
- 4.2.68. provision of medical services including sanatorium treatment;
- 4.2.69. development and implementation of technical systems, automated workplaces, data banks and bases, expert and “intelligent” equipment, local and information-calculating systems;
- 4.2.70. external economic links including export-import operations;
- 4.2.71. provision of warehousing services;
- 4.2.72. underwater technical works.

4.3. The Company shall hold civil rights and assume obligations in respect of all kinds of activity permitted by the federal legislation.

The Company shall be entitled to be engaged in some kinds of activity only after obtaining special permit (license). List of such activities is specified by the federal legal acts.

## **Article 5**

### **The Company’s branches and representative offices.**

5.1. In accordance with prescribed order the Company shall be entitled to establish branches and set up representative offices in the territory of the Russian Federation and abroad. Branch establishments and representative offices shall not have the status of juridical persons.

5.2. The Company incorporates the following **separate structural units** (branches):

- 5.2.1. **Branch** “Electrosvyaz of Adygeia Republic”, location: 22a, Zhukovskogo Str., Maykop, Adygeia Republic, 352 700;
- 5.2.2. **Regional branch** “Svyazinform”, Astrakhan Region, location: 7/8, Teatraljny per., Astrakhan, 414 000;

- 5.2.3. **Regional branch** “Volgogradelectrosvyaz”, location: 9, Mira Str., Volgograd, 400 131;
- 5.2.4. **Branch** “KabBalktelecom”, location: 14, Shogentsukova Str., Nalchik, Kabardino-Balkarian Republic, 360 000;
- 5.2.5. **Branch** “Electrosvyaz” of Kalmykia Republic”, location: 255, Lenin Str., Elista, Kalmykia Republic, 358 000;
- 5.2.6. **Branch** “Karachaevo-Cherkesskelectrosvyaz”, location: 17, Soyuzny per., Cherkessk, Karachaevo-Cherkesian Republic, 357 100;
- 5.2.7. **Branch** “Rostovelectrosvyaz”, location: 47, Bratski per., Rostov-on-Don, 344 082;
- 5.2.8. **Branch** “Sevosetinelectrosvyaz”, location: 8a, Butyrina Str., Vladikavkaz, Severnaya Osetia – Alania Republic, 362 040;
- 5.2.9. **Branch** “Electrosvyaz” of Stavropol Territory, location: 10/12, Oktyabrskoi Revolutsii pr., Stavropol, 355 035.
- 5.2.10. **Branch** “Kubanelectrosvyaz”, location: 294, Golovatogo St., Krasnodar, 350 000;
- 5.2.11. **Branch** “Yugtaxofon”, location: 12, Klubnaya St., Krasnodar;
- 5.2.12. **Branch** “Center of New Technologies”, location: 59, Krasnaya St., Krasnodar;
- 5.2.13. **Branch** “Training and Production Telecommunications Center”, location: 1, Industrialnaya St., Krasnodar.

5.3. The Company’s branches and representative offices shall operate in accordance with Regulations on them approved by the Board of Directors. Board of Directors shall adopt resolutions on establishment of branches, representative offices and on their liquidation.

Heads of branch establishments and representative offices shall be assigned and relieved of the post by the Company’s General Director with preliminary approval of the Board of Directors. Heads of branches and representative offices shall act on behalf of the Company under the Power of Attorney.

The Company’s Management Board shall have the right to adopt the resolution on formation of a branch’s collective executive organ providing execution of the Company top organs’ resolutions and acting according to Regulations being approved by the Company’s Management Board.

**Article 6**  
**The Company's legal (Charter) capital. Registered and declared shares.**

6.1. The Company's Charter capital amounts to 1 297 779 384 (one billion two hundred ninety-seven millions seven hundred seventy nine thousand three hundred and eighty-four) rubles 66 kopecks.

6.2. The Company's legal capital is composed of nominal value of shares issued in a book-entry form and distributed among the shareholders, including:

6.2.1. Common registered stock comes to 2 960 512 964 (two billions nine hundred sixty millions five hundred twelve thousand nine hundred and sixty four) shares. Par value of each common share constitutes 33 (thirty-three) kopecks.

6.2.2. Preferred registered stock of the A-type comes to 972 151 838 (nine hundred seventy-two millions one hundred fifty-one thousand eight hundred and thirty eight) shares. Par value of each preferred share of the A-type constitutes 33 (thirty-three) kopecks.

6.3. The Company shall be entitled to distribute 130 814 345 (one hundred thirty millions eight hundred fourteen thousand three hundred and forty five) common registered book-entry shares (declared shares) in addition to the previously distributed shares. Par value of each declared common share amounts to 33 (thirty three) kopecks.

The Company shall have the right to distribute 32 711 532 (thirty two millions seven hundred eleven thousand five hundred and thirty-two) preferred registered book-entry shares of the A-type (declared shares) in addition to the previously distributed shares. Par value of each declared preferred share of the A-type amounts to 33 (thirty three) kopecks.

6.4. Being distributed, declared additional shares pursuant to paragraph 6.3 hereof shall have equal rights with the Company's shares of the corresponding category (type) as specified in Articles 7 and 8 hereby.

6.5. The Company's legal capital can be increased in the order prescribed by the current legislation of the Russian Federation and the present Charter by:

6.5.1. rising the nominal value of the Company's shares;

6.5.2. distributing additional shares within the limits of declared shares stipulated in paragraph 6.3. herein.

6.6. Increase of the Company's legal capital by rising shares' par value shall be approved at the General Shareholders' Meeting by the majority of voting shareholders participating in the Meeting.

6.7. Increase of the Company's legal capital by offering additional shares for private subscription shall be approved at the General Shareholders' Meeting by 75 percent of voting shareholders participating in the Meeting.

6.8. Increase of the Company's legal capital by offering additional shares for public subscription shall be approved at the General Shareholders' Meeting by 75 percent of voting shareholders participating in the Meeting, should the quantity of additional shares offered for public placement exceed 25 percent of the previously distributed shares.

6.9. Increase of the Company's legal capital by offering additional shares for public subscription except for the cases specified in paragraphs 6.7. and 6.8. hereof shall be approved unanimously by the Company's Board of Directors without taking into account the votes of the Directors being absent.

6.10. Payment for the acquired shares distributed by subscription shall be executed in cash, securities, other assets or proprietary rights as well as other rights being able of monetary evaluation. Form of payment shall be determined in the resolution on their distribution.

6.11. The Company's legal capital may be decreased by decreasing the nominal value of the Company's shares or reducing their total quantity including repurchasing part of shares in cases stipulated by the Federal Law "On Joint Stock Companies".

6.12. Decrease of the Company's legal capital by decreasing the nominal value of the Company's shares or repurchasing part of shares in order to reduce their total quantity shall be approved at the General Shareholders' Meeting by the majority of voting shareholders participating in the Meeting.

6.13. The Company shall not decrease its legal capital if its size results in the amount less than the sum of one thousand minimum wages (wage floor) specified by the federal legal act as at the date of filing documents for state registration of the respective amendments to the Company's Charter, and in cases when the Company must decrease legal capital in

accordance with current legislation of the Russian Federation - as at the date of the Company's official registration.

6.14. Should on the second and subsequent financial years annual balance sheet, submitted for approval to the company's shareholders, or audit results show the value of the Company's net assets being less than its legal capital, the Company shall decrease its legal capital to the amount not exceeding net assets value.

## **Article 7**

### **Rights and obligations of the Company's common shareholders.**

7.1. Each common share shall grant the shareholder – its owner -the equal scope of rights.

7.2. Each common shareholder shall be entitled:

- 7.2.1. to take part in General Shareholders' Meeting pursuant to the current legislation of the Russian Federation;
- 7.2.2 to receive dividends in the order prescribed by the current Russian legislation and the present Charter when the Company announces their payment;
- 7.2.3 to get the portion of the Company's assets (liquidation value) in case of its liquidation in proportion to the quantity of shares owned by him;
- 7.2.4. to have free access to the Company's documents pursuant to paragraph 1 of Article 89 of the Federal Law "On Joint Stock Companies" in the order prescribed by Article 91 of the aforementioned Law;
- 7.2.5. to demand confirmation of a shareholder's rights for shares from the Registrar in the form of issue of an excerpt from the register of the Company's shareholders.
- 7.2.6. to get information about all records on his personal account from the Registrar and other information stipulated by the legislation of the Russian Federation regulating the order of keeping the register of shareholders;
- 7.2.7. to alienate the shares held by him without consent of the Company and other shareholders;
- 7.2.8. to bring suits to the courts because of violation of his civil rights including demand of recovery of damages from the Company;
- 7.2.9. to require repurchase by the Company of all or part of shares held by him in cases and in order stipulated by the current legislation of the Russian Federation;
- 7.2.10. to sell his shares to the Company in case the Company decided to buy them;

7.2.11. to require from the Company an excerpt from the list of shareholders entitled to take part in the General Shareholders' Meeting containing information about a shareholder;

7.2.12. to exercise his right of priority when acquiring additional shares distributed by public subscription and emissive securities transferable into shares in proportion to the quantity of shares owned by him;

7.3. Any shareholder that owns 1percent or more of the Company's voting shares shall be entitled to require information from the Registrar on the names of shareholders registered in the list and on the number, category and par value of shares held by them (this information shall not include the shareholders' addresses).

7.4. Any shareholder or group of shareholders that owns 1percent or more of the Company's outstanding common shares shall be entitled to bring suits against a member of the Company's Board of Directors, individual executive body, member of the collective executive body as well as managing organization or manager requiring recovery of damages which may arise out of any act or failure to act of the aforementioned persons.

7.5. Shareholders that own 1percent or more of the votes at a General Shareholders' Meeting shall have the right to demand a list of shareholders entitled to take part in the General Shareholders' Meeting. Data from the documents of natural persons and postal addresses shall be given only by their expressed assent.

7.6. Any shareholder or group of shareholders that owns 2percent or more of the Company's total number of voting shares shall be entitled to place issues for the annual General Shareholders' Meeting's agenda and to nominate candidates to the Company's governing and supervising bodies. When preparing an Extraordinary General Shareholders' Meeting with election of the Board of Directors included in the agenda the aforementioned shareholders shall be entitled to nominate candidates to the Board of Directors.

7.7. Any shareholder or group of shareholders that owns 10percent or more of the Company's total number of voting shares shall be entitled to demand calling an Extraordinary General Shareholders' Meeting by the Company's Board of Directors. Should the Board of Directors not approve the resolution on calling an Extraordinary General Shareholders' Meeting within the period defined by the current legislation of the Russian Federation and the present Charter or approve the resolution on refusal to call it, the Extraordinary General

Shareholders' Meeting shall be called by the aforementioned shareholder(s).

7.8. Any shareholder or group of shareholders that owns 10 percent or more of the Company's total number of voting shares shall be entitled to request at any time audit of the Company's financial and economic activities.

**7.9. Any shareholder or group of shareholders that owns 25 percent or more of the Company's total number of voting shares shall be entitled to have free access to the Company's accounting records and the minutes of the Management Board's meetings and to obtain copies of the aforesaid documents.**

7.10. Shareholders – holders of the Company's common shares shall have other rights as provided for by the current legislation of the Russian Federation and the present Charter.

7.11. Any holder of the Company common shares shall be liable for:

- prompt notifying the Company's Registrar on alterations in his personal data;
- not disclosing confidential data on the Company's activity.

7.12. Should a shareholder on his own or together with his affiliated person (persons) intend to purchase 30 percent or more of the Company's outstanding common shares, he shall notify the Company in written form on his intention to purchase the mentioned shares 90 days at the earliest and 30 days at the latest before the date of the shares' acquisition. After making the transaction on the shares' acquisition such shareholder shall be obliged during the period of 30 days from the date of acquisition to offer the Company's shareholders to sell him the Company's common shares owned by them and emissive securities, transferable into common shares, at market price but not less than at average price for the six months preceding the date of acquisition.

## **Article 8**

### **Rights and obligations of shareholders – owners of the preferred shares of the A-type**

8.1. Each preferred Type A share shall grant its holder equal scope of rights.

8.2. Holders of preferred Type A shares shall be entitled to receive annual fixed dividend unless otherwise provided for hereby. The total

amount to be paid as dividend on each of preferred Type A share shall be set as 10 percent of the net profit of the Company in the last fiscal year divided by the number of **preferred A-type shares with aggregate nominal value not exceeding** 25 percent of the charter capital of the Company. Should the amount of dividend paid by the Company on each common share in a certain year exceed the amount to be paid as dividend on each preferred A-Type share, the latter shall be increased up to the amount of dividend being paid on the common shares.

- 8.3. The shareholders – holders of the preferred A-Type shares shall be entitled to take part in the General Shareholders’ Meeting with right to vote on the issues dealing with reorganization or liquidation of the Company as well as introduction of amendments and supplements to the Charter of the Company restricting the rights of the aforementioned holders.
- 8.4. The shareholders – holders of the preferred Type A shares shall be entitled to take part in the General Shareholders’ Meeting with voting right on all issues of the agenda in case the General Shareholders’ Meeting irrespective of reasons has not adopted the resolution on dividend payment or has adopted the resolution on partial dividend payment under preferred A-type stock. Holders of the preferred Type A shares shall obtain the right to vote at the General Shareholders’ Meeting on all issues starting from the meeting being the next after the annual General Shareholders’ Meeting having not adopted resolution on payment of dividends under the preferred stock of this type and lose this right from the moment of arranging the first full dividend payment under the designated stock.
- 8.5. The shareholders – holders of the preferred Type A shares shall have the same rights as provided for common holders by Articles 7.2.3, 7.2.4, 7.2.5, 7.2.6, 7.2.7, 7.2.8, **7.2.9(3)**., 7.2.10, 7.2.11, 7.2.12 hereof. These rights shall also be granted to the shareholders – holders of the preferred Type A shares in case these shares not being the voting ones.
- 8.6. The shareholders – holders of the preferred Type A shares shall have the rights specified by Articles 7.3, **7.5 (4)**, 7.6, 7.7, 7.8, 7.9 herein when preferred Type A shares have voting right on all issues within the competence of a General Shareholders’ Meeting.
- 8.7. The shareholders – holders of the preferred Type A shares shall be entitled to require repurchase of all or part of shares, held by them, by

the Company in cases and in order provided for by the effective legislation of the Russian Federation.

8.8. Shareholders – holders of the Company’s preferred Type A shares that own 1 percent or more of the votes at a General Shareholders’ Meeting shall have the right to demand a list of shareholders entitled to take part in the General Shareholders’ Meeting. Data from the documents of natural persons and postal addresses shall be given only by their expressed assent.

8.9. Shareholders – holders of the Company’s preferred Type A shares shall be granted other rights as provided for by the effective legislation of the Russian Federation, other legal acts and the present Charter.

8.10. Each holder of the Company preferred A-type shares shall be liable for:

- prompt notifying the Company’s Registrar on alterations in his personal data;
- not disclosing confidential data on the Company’s activity.

## **Article 9 The Company’s Funds**

9.1. The Company shall establish the reserve fund of the size being 5 percent of the legal capital.

The Company shall pay the compulsory annual contributions being not less than 5 percent of the net profit into the reserve fund until it reaches the prescribed by this paragraph size.

The objective of the reserve fund shall be covering the Company losses, redeeming the Company’s bonds and repurchasing the Company’s shares should other assets be insufficient.

Reserve fund shall not be used for any other purpose.

9.2. The Company’s General Shareholders’ Meeting may adopt the resolution on matters provided for by subparagraph 13 of paragraph 12.2 herein dealing with establishing other funds including special fund for employees of the Company.

The special fund for employees shall be used exclusively for purchasing the shares of the Company being sold by shareholders with their successive distribution among the employees of the Company.

Should the Company's shares purchased at the expense of the special fund for employees be sold to the Company's employees, the sales proceeds shall be used for establishing the aforesaid fund.

Procedure of establishing the fund, spending its assets and the fund's purpose shall be determined by the Regulations on the Company's special fund for employees, approved by the Board of Directors.

## **Article 10**

### **The dividends of the Company**

10.1. The Company shall have the right to adopt once a year the resolution on payment of dividends under the distributed shares.

The dividends shall be paid at the expense of the Company's net profit indicated in Profit and Loss Statement for the current year. Dividends under the preferred stock may be paid from the Company's special fund established for this purpose.

In case of the Company's reorganization through merger of other companies into it, net profit shall be calculated by summing up the Company's net profit and net profits (losses) of the mergers included in their Profit and Loss Statements as at the last reporting date (date of reorganization) in accordance with effective accounting standards.

General Shareholders' Meeting shall adopt the resolution on payment of annual dividends, their size and form of payment under stocks of each type. The size of annual dividends shall not exceed the size of them recommended by the Company's Board of Directors.

The Company shall make a list of shareholders entitled to receive annual dividends. The list shall be made on the basis of information in the shareholders' register as at the record date (date of making a list of shareholders entitled to take part in the Annual General Shareholders' Meeting).

10.2. Date of payment of dividends under the preferred stock of A-type shall be set by the resolution of the General Shareholders' Meeting on payment of the Company's annual dividends. The fixed date shall be not be later than 60 (sixty) days after the date of adopting the resolution on annual dividends' payment.

10.3. Date of payment of dividends under the common stock shall be set by the resolution of the General Shareholders' Meeting on payment of the Company's annual dividends. The fixed date shall not be later than the

end of the fiscal year in which the resolution on annual dividends' payment was adopted.

10.4. The Company's dividends shall be paid in cash as well as in other assets should the General Shareholders' Meeting adopt the resolution on payment of dividends in non-monetary form.

The General Shareholders' Meeting may adopt the resolution on payment of dividends in non-monetary form only upon proposal of the Company's Board of Directors in which the Company's assets to be paid as dividends shall be determined.

10.5. When adopting the resolution (announcing) on payment of dividends the Company shall follow the restrictions provided for by the federal legal acts.

## **Article 11**

### **Shareholders' register. The Company's Registrar.**

11.1. The Company shall provide keeping the Company's shareholders register in accordance with requirements of the effective legislation of the Russian Federation and other federal legal acts.

11.2. The Company's shareholders register shall be maintained by a specialized registrar having duly executed license for this kind of activity.

The Company's Board of Directors shall adopt resolutions on approval of the Company's Registrar, conclusion and termination of the Agreement with the Registrar.

11.3. The Company shall not be relieved of responsibility for keeping and maintaining the shareholders register. Should the illegal actions of Registrar violate the civil rights of a shareholder or nominal holder, such shareholder or nominal holder shall have the right to bring suit against the Company for rehabilitation of his civil rights and recovery of damages.

11.4. The Company's Registrar shall act as the Company's Counting Commission. The Company's Registrar shall check the authority and register shareholders taking part in the General Shareholders' Meeting, calculate the quorum of the General Shareholders' Meeting, clarify the questions of exercising the voting rights of shareholders (their proxies) at the General Shareholders' Meeting, explain the voting procedure on the agenda items, maintain the established voting procedure and the shareholders' voting rights, calculate the votes and sum up the voting

results, draw up protocols on the voting results, hand over voting papers to archives for retention.

## **Article 12**

### **General Shareholders' Meeting**

12.1. General Shareholders' Meeting shall be the top governing body of the Company.

12.2. The following issues shall not be transferred for approval to Board of Directors, General Director or Management Board and shall fall within the exclusive competence of General Shareholders' Meeting:

1) making amendments and supplements to the Company's Charter and approving the Charter's new edition (except the cases falling under the Federal Law "On Joint Stock Companies"), decisions on matters to be voted in favor of them by 75 percent of voting shareholders taking part in the General Shareholders' Meeting);

2) the Company's reorganization that shall be voted in favor of it by 75 percent of voting shareholders taking part in the General Shareholders' Meeting;

3) the Company's liquidation, appointing liquidation commission and approving liquidation balances (interim and final ) that shall be voted in favor of them by 75 percent of voting shareholders taking part in the General Shareholders' Meeting;

4) election of the Board of Directors' members by a cumulative voting;

5) early termination of powers of the Board of Director's members that shall be voted in favor of it by majority of voting shareholders taking part in the General Shareholders' Meeting;

6) determining quantity, nominal value, category (type) of the Company's declared shares and rights given to their holders that shall be voted in favor of them by 75 percent of voting shareholders taking part in the General Shareholders' Meeting;

7) increase of the Company's charter capital by increasing the shares' nominal value that shall be voted in favor of it by majority of voting shareholders taking part in the General Shareholders' Meeting;

8) increase of the Company's charter capital by distribution of additional shares by means of public subscription, should the number of additional shares exceed 25 percent of the Company's common shares having been previously distributed, that shall be voted in favor of it by no less than 75 percent of voting shareholders taking part in the General Shareholders' Meeting;

- 9) increase of the Company's charter capital by distribution of additional shares by means of private subscription, that shall be voted in favor of it by no less than 75 percent of voting shareholders taking part in the General Shareholders' Meeting;
- 10) reduction of the Company's charter capital by decrease of the shares' nominal value, repurchase of the part of the Company's shares to reduce their total number as well as cancellation of the shares acquired or redeemed by the Company that shall be voted in favor of it by majority of voting shareholders taking part in the General Shareholders' Meeting;
- 11) election of the members of the Company's Auditing Commission and early termination of their terms of reference that shall be voted in favor of them by majority of voting shareholders taking part in the General Shareholders' Meeting;
- 12) approving the Company's auditor, that shall be voted in favor of it by majority of voting shareholders taking part in the General Shareholders' Meeting;
- 13) approving the Company's annual reports, balance sheets, income and loss statements, allocation of profits and losses including dividend payment that shall be voted in favor of them by majority of voting shareholders taking part in the General Shareholders' Meeting;
- 14) procedure for conducting a General Shareholders' Meeting, that shall be voted in favor of it by majority of voting shareholders taking part in the General Shareholders' Meeting;
- 15) split-up and consolidation of the Company's shares, that shall be voted in favor of them by majority of voting shareholders taking part in the General Shareholders' Meeting;
- 16) taking decision on conclusion of contracts, when there is a self-interest in such contracts, in accordance with Article XI of the Federal law "On Joint Stock Companies";
- 17) taking decision on concluding large bargains dealing with acquisition, expropriation or possibility of expropriation directly or indirectly of the Company's property value exceeding 50 percent of the balance sheet assets as at the last reported date excluding the bargains to be concluded in the process of the Company's current activity or connected with the distribution by subscription of the Company's common shares and distribution of the issued securities transferable into the Company's common shares, that shall be voted in favor of them by no less than 75 percent of voting shareholders taking part in the General Shareholders' Meeting;
- 18) participating in holdings, financial and industrial groups, associations and other commercial entities, that shall be voted in favor

of it by majority of voting shareholders taking part in the General Shareholders' Meeting;

19) approving internal regulations on functions of the Company's organs, that shall be voted in favor of it by majority of voting shareholders taking part in the General Shareholders' Meeting;

20) distribution of the Company's bonds and other emissive securities transferable into shares if they are distributed by means of private subscription or public subscription, in case the bonds (emissive securities) can be transferred into the Company's common shares exceeding 25 percent of the Company's common shares having been previously distributed, that shall be voted in favor of it by no less than 75 percent of voting shareholders taking part in the General Shareholders' Meeting;

21) reimbursement of the expenses for preparing and conducting an Extraordinary Shareholders' Meeting by the Company in case the Board of Directors violated the current legislation of the Russian Federation and had not approved the resolution on calling an Extraordinary General Shareholders' Meeting and such Meeting was called by other persons. The resolution shall be voted in favor of it by majority of voting shareholders taking part in the General Shareholders' Meeting;

22) release of a person who on his own or together with his affiliated persons acquired over 30 percent the Company's registered common shares from obligations to purchase shares from other Company's shareholders, that shall be voted in favor of it by majority of voting shareholders taking part in the General Shareholders' Meeting with the exception of the votes held by this person or his affiliated persons;

23) delegation of the authority of the Company's individual executive power to the managing organization or the manager, that shall be voted in favor of it by majority of voting shareholders taking part in the General Shareholders' Meeting;

24) other matters stipulated by the Federal law "On Joint Stock Companies" and the present Charter.

12.3. General Shareholders' Meeting shall have the right to take decision on issues mentioned in subparagraphs 2,7,8,9,15-19,23 of paragraph 12.2 hereof only upon the presentation of the Board of Directors. Other persons entitled by the current legislation of the Russian Federation to introduce proposals into the agenda of an Annual or Extraordinary General Shareholders' Meeting shall not require from the Board of Directors introduction of the mentioned issues into the Meeting's agenda.

General Shareholders' Meeting shall not be entitled to consider and take decisions on matters outside its competence pursuant to the Federal Law "On Joint Stock Companies".

General Shareholders' Meeting shall not be entitled to approve resolutions on the issues not included in the agenda or to make changes in the agenda.

12.4. Should the General Shareholders' Meeting adopt the resolution on making amendments and supplements to the present Charter restricting the rights of the Company's shareholders – holders of the preferred stock, the resolution on such amendments and supplements shall be adopted by the majority of three quarters votes of common shareholders taking part in the General Shareholders' Meeting and three quarters votes of the Company's shareholders – holders of the preferred stock of the definite type.

12.5. General Shareholders' Meeting shall be held by the Company annually.

General Shareholders' Meeting shall be held not earlier than four months and not later than six months after the termination of the fiscal year.

General Shareholders' Meeting shall approve the resolutions on the following issues:

- election of the Board of Directors,
- election of the Company's Auditing Commission,
- approval of the Company's Auditor,
- Approval of annual reports, balance sheets, income statements and allocation of profits and losses including dividend payment based on the results of the reporting financial year,

and on other issues falling within the exclusive competence of a General Shareholders' Meeting.

12.6. Any shareholder or group of shareholders that owns 2 percent or more of the Company's total number of voting shares shall be entitled to place issues for the annual General Shareholders' Meeting's agenda and to nominate candidates to the Company's Board of Directors and Auditing Commission in number not exceeding their quantitative structure pursuant to provisions of the present Charter. Such proposals shall be received by the Company within 60 (sixty) days after the termination of the fiscal year.

12.7. General Shareholders' Meeting other than annual shall be considered extraordinary.

Extraordinary General Shareholders' Meeting shall be called pursuant to the resolution of the Board of Directors, at the request of the Auditing Committee, the Company's auditor as well as of any shareholder or group of shareholders that owns 10 percent or more of the Company's total number of voting shares as at the date of making the request. Extraordinary General Shareholders' Meeting upon request of the Auditing Committee, the Company's auditor as well as of any shareholder or group of shareholders that owns 10 percent or more of the Company's total number of voting shares shall be convened by the Company's Board of Directors.

12.8. Extraordinary General Shareholders' Meeting to be convened upon request of the Auditing Committee, the Company's auditor as well as of any shareholder or group of shareholders that owns 10 percent or more of the Company's total number of voting shares shall be held within the 40-days period from the date of making the request on its calling.

12.9. Should the agenda of Extraordinary General Shareholders' Meeting to be convened upon request of the Auditing Committee, the Company's auditor as well as of any shareholder or group of shareholders that owns 10 percent or more of the Company's total number of voting shares include the issue on election of the Board of Directors, the Extraordinary General Shareholders' Meeting shall be held within the 70-days period from the date of making the request on its calling.

Should the number of the Board of Directors members become less than the quorum sufficient for conducting the Board of Directors meetings, Extraordinary General Shareholders' Meeting to be convened pursuant to the resolution of the Company's Board of Directors for considering the issue on election of the Board of Directors shall be held within the 70-days period from the date of adopting the resolution on its calling by the Board of Directors.

12.10. When preparing an Extraordinary General Shareholders' Meeting with election of the Board of Directors included in the agenda, any shareholder or group of shareholders that owns 2 percent or more of the Company's total number of voting shares shall be entitled to nominate candidates to the Board of Directors in number not exceeding its quantitative structure determined by the present Charter. The names of candidates shall be submitted to the Company 30 days before the date of the extraordinary General Shareholders' Meeting at the latest.

12.11. List of shareholders entitled to participate in General Shareholders' Meeting shall be made on the basis of information contained in the shareholders register of the Company.

Date of making a list of shareholders entitled to participate in General Shareholders' Meeting (record date) shall not be earlier than the date of adopting resolution on calling General Shareholders' Meeting, earlier than 45 days and later than 50 days before the date of the General Shareholders' Meeting.

Date of making a list of shareholders entitled to participate in the Extraordinary General Shareholders' Meeting with election of the Board of Directors included in the agenda shall not be earlier than the date of adopting resolution on calling the Extraordinary General Shareholders' Meeting, later than 65 days and later than the date of notification on the Extraordinary General Shareholders' Meeting.

12.12. Notification on the General Shareholders' Meeting shall not be made later than 20 days before its opening, and notification on the General Shareholders' Meeting with issue on the Company's reorganization included in the agenda shall not be made later than 30 days before its opening.

Should the proposed agenda of the Extraordinary General Shareholders' Meeting include the issue on election of the Company Board of Directors, notification on the Extraordinary General Shareholders' Meeting shall not be made later than 50 days before its opening.

At a stated time notice on the General Shareholders' Meeting shall be mailed to each person in the list of shareholders entitled to take part in the General Shareholders' Meeting by a registered letter or handed to them in person or published in the newspaper "Rossiyskaya Gazeta".

12.13. The following information and materials shall be provided to the shareholders entitled to participate in the General Shareholders' Meeting in order and at address (addresses) indicated in the Notice of the General Shareholders' Meeting:

- annual statutory accounting reports including report of the Company's Auditor, report of the Company's Auditing Commission on the results of the annual accounting records,
- Information on candidates for the Company's Board of Directors and Auditing Commission,

- Draft of amendments and supplements to be introduced into the Company's Charter or draft of a new version of the Company's Charter,
- Draft of the Company's internal regulations.
- Draft of other documents to be approved in accordance with draft resolutions of the General Shareholders' Meeting,
- Draft resolutions of the General Shareholders' Meeting,
- Other information and materials to be provided in accordance with the effective legislation,
- Other information and materials necessary for approving agenda issues of the General Shareholders' Meeting included in the list of materials to be submitted to shareholders when preparing the General Shareholders' Meeting.

12.14. The General Shareholders' Meeting shall be deemed competent (having the quorum) if the shareholders owning over 50 (fifty) percent of the total number of the Company's registered voting shares take part in the Meeting.

Should the shareholders register their participation in the General Shareholders' Meeting or submit their voting instructions not later than two days before the date of the General Shareholders' Meeting, they shall be deemed present at the General Shareholders' Meeting. The shareholders whose voting instructions are received in a timelier manner shall be deemed present at the General Shareholders' Meeting convened in the form of absentee voting.

12.15. Should the General Shareholders' Meeting's agenda include the issues to be voted on by different types of shareholders, the quorum shall be calculated separately for each issue. Insufficient quorum for approving the resolution on the issue to be voted on by one type of shareholders shall not prevent from approving resolutions on the issues having the quorum to be voted on by other types of shareholders.

12.16. Should there be no quorum at the Annual General Shareholders' Meeting, the Company shall be obliged to hold another Annual General Shareholders' Meeting having the same agenda. Should there be no quorum at the Extraordinary General Shareholders' Meeting, the Company may hold another Extraordinary General Shareholders' Meeting having the same agenda.

Repeated General Shareholders' Meeting shall be deemed competent (having the quorum) if the shareholders owning over 30 (thirty) percent of the total number of the Company's registered voting shares take part in the Meeting.

Notice of Repeated General Shareholders' Meeting and voting papers shall be distributed to shareholders 20 (twenty) days before the repeat General Shareholders' Meeting at the latest.

Notice of Repeated General Shareholders' Meeting having the agenda issue on the Company's reorganization shall be delivered to shareholders 30 (thirty) days before the Repeated General Shareholders' Meeting at the latest.

Should the Repeated General Shareholders' Meeting be held within the 40-days period after the failed General Shareholders' Meeting, the shareholders entitled to take part in the Meeting shall be determined in accordance with the list of shareholders having been entitled to participate in the failed General Shareholders' Meeting.

12.17. The person acting as the Company's personal executive power shall preside at the General Shareholders' Meeting unless otherwise decided by the Board of Directors.

12.18. Other matters in relation to preparing and conducting Annual and Extraordinary General Shareholders' Meetings including the procedure for conducting a General Shareholders' Meeting shall be provided for by Regulations on the procedure for conducting a Company's General Shareholders' Meeting approved by the General Shareholders' Meeting.

### **Article 13**

#### **The Company's Board of Directors**

13.1. Board of Directors is a collective governing body exercising general management of the Company's activity.

13.2. Board of Directors shall be elected annually by the General Shareholders' Meeting in number of 11 persons by cumulative voting.

13.3. The General Shareholders' Meeting shall have the right to take a decision on pre-term termination of the Board of Directors' powers. Such decision shall be approved only in regard to all members of the Company's Board of Directors simultaneously.

In case of early termination of the Board of Directors' powers, powers of new members of the Board of Directors shall be legal till the next Annual General Shareholders' Meeting.

13.4. Board of Directors' powers shall cover the following issues:

- 1) Determining the priority directions of the Company's activity including approval of annual budgets, business-plans, the Company's strategies and development programs, making alterations in these documents and considering the results of their realization;
- 2) Preliminary approval of transactions exceeding the limits of the Company's annual budget;
- 3) Calling Annual and Extraordinary General Shareholders' Meetings except for the cases specified in paragraph 8 of Article 55 of the Federal law "On Joint-Stock Companies";
- 4) Approval of a General Shareholders' Meeting's agenda;
- 5) Setting record date for shareholders entitled to participate in a General Shareholders' Meeting and other questions referred to the competence of the Board of Directors pursuant to Part VII of the Federal Law "On Joint-Stock Companies" and related to preparing and conducting a General Shareholders' Meeting;
- 6) Preliminary approval of the Company's annual report;
- 7) increase of the Company's charter capital by distribution of additional shares not exceeding the number of declared shares specified by the present Charter except for the matters pursuant to subparagraphs 8,9 of paragraph 12.2. hereof;
- 8) distribution of the Company's bonds and other emissive securities not transferable into the Company's shares under the terms of their distribution;
- 9) distribution of the Company's bonds and other emissive securities transferable into shares if the aforesaid bonds (emissive securities) shall be distributed by means of public subscription, and the bonds (emissive securities) may be transferred into the Company's common shares constituting no more than 25 percent of the Company's common stock having already been distributed;
- 10) determining property value, price of placement and repurchase of the emissive securities in cases specified by the Federal Law "On Joint-Stock Companies";
- 11) approving resolutions on securities' issue, the emissions' prospects and reports on the results of the Company's securities' issue, quarterly reports of the emissive securities' Issuer as well as reports on the results of repurchase of the Company shares for their redemption;
- 12) acquisition of the Company's registered shares, bonds and other securities;
- 13) approving the Company's Registrar and terms of the Agreement with it, cancellation of the Agreement with the Registrar;

- 14) recommendations on size, form and time of dividend payment, approval of internal document on the Company's dividends;
- 15) allocation of the Company's reserve and other funds;
- 16) supervision of internal control procedures;
- 17) recommendations on the amount of remuneration and compensation to be paid to the members of the Company's Auditing Commission, approval of the terms of the Agreement with the Company's Auditor and the amount payable to the Auditor for its services;
- 18) approval of the Statute on the Company's branch establishment executing internal control functions, approval of candidate to be appointed head of a branch, considering other issues to be approved by the Board of Directors pursuant to the Statute on the Company's branch establishment
- 19) approving transactions dealing with acquisition, expropriation or possibility of expropriation directly or indirectly of the Company's assets value amounting to 0.5 – 25 percent of the Company's balance sheet assets at the last reported date;
- 20) approving transactions dealing with acquisition, expropriation or possibility of expropriation directly or indirectly of the Company's assets value amounting to 25 – 50 percent of the Company's balance sheet assets at the last reported date with the exception of the transactions made in the process of regular economic activity, the transactions connected with distribution of the Company's common shares by means of subscription (sale), and transactions connected with distribution of the emissive securities transferable into the Company's common shares;
- 21) approving transaction when there is a self-interest in them in cases specified by the Part XI of the Federal Law "On Joint-Stock Companies";
- 22) approval of the Company's organizational structure including the main functions of branch establishments;
- 23) establishing the Company's branches and representative offices and their liquidation, approving Statutes on branches and representative offices;
- 24) preliminary approving candidates to be appointed Directors of a branch or representative office and their dismissal;
- 25) approval of annual budgets, development strategies and programs, making alterations in these documents and considering the results of their realization;
- 26) appointing the Company's personal executive organ (General Director), determining his term of office and early cessation of his powers;

- 27) electing (reelecting) the Board of Director's Chairman and the Vice-chairman;
- 28) formation of the Company's collective executive organ (Management Board), determining its term of office and pre-term cessation of powers of the members of the Management Board;
- 29) approval of holding of more than one appointment in the administration of other organizations by the person acting as individual executive organ, members of the Management Board;
- 30) permitting the person acting as individual executive organ to hold office of profit in other organizations pluralistically;
- 31) formation of standing or interim committees of the Board of Directors, approval of their Statutes;
- 32) appointment and dismissal of the Company's Corporate Secretary, approval of Statute on the machinery of the Company's Corporate Secretary;
- 33) approving terms of contracts (additional agreements), concluded with General Director, members of the Management Board, directors of branches and representative offices, head of the Company's separate division executing functions of internal control, Corporate Secretary; examining cases to be approved by the Board of Directors in accordance with the aforesaid contracts;
- 34) approving resolutions on the Company's participation ( joining as a participant, termination of participation, change of share holding) in other organizations by means of selling and buying the shares of other organizations as well as by contributing to their legal capitals;
- 35) approving resolutions on the Company's participation in non-commercial organizations, except for the cases stipulated by subparagraph 18 of paragraph 12.2. hereof, by joining as a participant, termination of participation, bringing additional contributions (fees) in relation to the Company's participation in non-commercial organizations;
- 36) approving resolutions on the agenda issues of General Shareholders' Meetings of the Company's associated companies (supreme governing bodies of other organizations) in which the Company is the sole participant;
- 37) determining the order of the Company's cooperation with organizations in which the Company is a shareholder;
- 38) approval of the internal document on disposal (making public) of information about the Company;
- 39) approval of other than stipulated in paragraph 13.4 hereof internal regulations on the issues falling within the competence of the Company's Board of Directors except for the issues to be approved

- by the General Shareholders' Meeting or the Company's executive organs pursuant to the Company's Charter;
- 40) other issues specified by the Federal Law "On joint-stock companies" and the present Charter.

13.5. Issues falling into the exclusive competence of the Board of Directors, shall not be delegated for decision to collective or individual executive body of the Company.

13.6. Resolutions on the issues designated by subparagraphs 7, 20 of paragraph 13.4 hereof shall be voted in favor of them by a solid vote of all the members of the Company's Board of Directors except for the votes of the absent members of the Board of Directors.

Should the Board of Directors not vote in favor of the issues designated by subparagraphs 7, 20 of paragraph 13.4 hereof unanimously, the Board of Directors shall adopt the resolution on delegating the aforementioned issues for decision to the General Shareholders' Meeting. Resolutions on the specified issues shall be adopted by the majority of the Company's voting shareholders entitled to take part in the General Shareholders' Meeting.

13.7. Other issues falling into the competence of the Board of Directors pursuant to the Federal Law "On Joint Stock Companies" and the present Charter shall be approved by the majority of votes of the members of the Board of Directors present at the meeting unless otherwise provided for by paragraph 13.6 hereof.

13.8. Procedure of calling and conducting meetings of the Board of Directors, size of remunerations and compensations to the members of the Board of Directors and procedure of their payment shall be regulated by the Statute on the Board of Directors approved by the General Shareholders' Meeting.

13.9. Meetings of the Company's Board of Directors shall be called by the Chairman of the Board of Directors on his own initiative, on application of a member of the Board of Directors, Auditing Commission, Company's Auditor, individual or collective executive organ as well as at the request of a shareholder (shareholders) that owns 5 percent or more of the Company's total number of voting shares.

13.10. Quorum of the meeting of the Board of Directors shall constitute more than half of the members of the Board of Directors.

13.11. Written opinion of the member of the Board of Directors being absent from the meeting shall be taken into account when calculating the quorum and the voting results.

13.12. The Board of Directors meeting may be held in the form of joint personal presence ( including conference calls) or absentee voting.

13.13. Any member of the Board of Directors shall be entitled to cast one vote when approving resolutions at the meeting of the Company's Board of Directors. Should the members of the Board of Directors cast equal number of votes in favor and against a resolution, Chairman of the Board of Directors shall have the right of deciding vote.

13.14. The Chairman of the Board of Directors of the Company shall arrange its activity, call the meetings of the Board of Directors of the Company and preside there, organize the keeping of the Minutes of the meetings of the Company's Board of Directors, ensure effective work of the committees of the Board of Directors.

13.15. The Board of Directors shall have the right to appoint the Vice-Chairman of the Board of Directors. Should the Chairman of the Board of Directors be absent, his functions (including the right to sign documents) shall be exercised by the Vice-Chairman, should the latter be absent too – by one of the members of the Board of Directors upon the resolution of the Board of Directors approved by the majority of its members present at the meeting.

## **Article 14**

### **The Company's Management Board**

14.1. Management Board is the collective executive organ of the Company providing realization of the resolutions adopted by a General Shareholders' Meeting and the Company Board of Directors.

14.2. Quantitative membership, personal structure of the Management Board shall be approved by the Board of Directors' resolution upon proposal of the General Director and the members of the Company's Board of Directors.

14.3. Term of office of the Management Board shall be determined by the Board of Directors when appointing its members.

Board of Director shall have the right to adopt resolution on early termination of powers of any member (all members) of the Management Board.

In case of pre-term cessation of powers of several members of the Management Board powers of newly-appointed members of the Management Board shall be legal within the term of office of the Management Board.

14.4. The following issues on the Company's current activities shall fall within the competence of the Management Board:

- 1) working out proposals on the main directions of the Company's activities including draft budgets, business plans, strategies and development programs, suggestions on making corrections in the aforementioned documents;
- 2) approving the internal control procedures;
- 3) developing the Company's social and personnel policy;
- 4) approving internal document regulating general matters of motivation of labor, examining collective agreements and adopting resolutions on their conclusion;
- 5) preparing materials and draft resolutions on issues to be approved by a General Shareholders' Meeting, Board of Directors and filing materials to the committees of the Board of Directors;
- 6) organizational and technical support of the activity of the Company bodies;
- 7) developing technical, economic, financial and tariff policy of the Company and its branches.
- 8) developing accounting policy, controlling the improvement of methodology of management and business accounting and introduction accounting statements on the activity of the Company and its branches in accordance with international accounting standards;
- 9) determining the methodology of planning, budgeting and controlling of the Company and its branches;
- 10) developing security policy of the Company and its branches;
- 11) determining the procedure of allotting assets to a branch and withdrawing the assets owned by a branch;
- 12) determining the quantitative structure of the branches' collective executive bodies, appointing their members, pre-term cessation of their powers approving Statute on the collective executive organ of a branch;

- 13) preliminary approval of the candidates to be appointed deputy directors, chief accountants of branches and representative offices as well as relieving the aforesaid persons of their positions;
- 14) approving terms of contracts (additional agreements), concluded with the members of the collective executive organs of the branches, deputy directors, chief accountants of the branches and representative offices, examining issues to be approved by the Management Board in accordance with the aforesaid contracts;
- 15) approving interim (quarterly) budgets of the branches, making alterations in the aforementioned documents;
- 16) analysis of the results of the Company's structural units including separate ones and working out mandatory instructions on improvement of their activity;
- 17) approving internal document regulating the issues referred to the competence of the Company's Management Board excluding the documents to be approved by a General Shareholders' Meeting and the Board of Directors.

14.5 Management Board shall have the right to adopt resolutions on other issues of the Company's current activities on the instructions of the Company's Board of Directors or by proposal of the General Director.

14.6. Procedure of calling and conducting meetings of the Management Board, procedure of adopting resolutions, size of remunerations for the members of the Management Board and order of their payment shall be regulated by the Statute on the Management Board of the Company approved by the General Shareholders' Meeting.

14.7. Rights, obligations, salary and responsibility of the members of the Management Board shall be regulated by the Agreement to be concluded with the Company by each of them. The Company's General Director shall sign the Agreement on behalf of the Company.

## **Article 15**

### **General Director of the Company**

15.1. General Director is the personal executive power exercising management of the Company's current activity. General Director shall be appointed by the Board of Directors of the Company.

15.2. General Director shall not have the right to take decisions on the issues referred to the exclusive competence of General Shareholders' Meeting, Board of Directors and Management Board pursuant to the present Charter.

15.3. General Director shall act as Chairman of the Company's Management Board.

15.4. General Director shall act on behalf of the Company without Power of Attorney representing the interests of the Company, concluding bargains on behalf of the Company, approving staff, issuing orders and giving instructions mandatory for all the Company's employees;

Rights, obligations, salary and responsibility of General Director shall be regulated by the Agreement to be concluded by him with the Company. Chairman of the Company's Board of Directors shall sign the Agreement on behalf of the Company.

15.5. Board of Directors of the Company shall have the right to adopt the resolution on pre-term termination of powers of General Director and on cancellation of the Agreement with him.

## **Article 16**

### **Corporate Secretary of the Company**

#### **Board of the Corporate Secretary of the Company**

16.1. Pursuant to its resolution the Board of Directors shall be entitled to appoint a special person - Corporate Secretary of the Company – exercising control of procedures that guarantee the realization of rights and interests of the Company's shareholders.

16.2. Rights, obligations, term of office, salary and responsibility of Corporate Secretary shall be regulated by the internal documents of the Company and by the Agreement to be concluded by him with the Company. Chairman of the Company's Board of Directors shall sign the Agreement on behalf of the Company

16.3. To ensure the effective work of Corporate Secretary the Company shall be entitled to form a special board of Corporate Secretary. Quantitative and personal membership, structure and responsibilities of the members of the board of Corporate Secretary shall be regulated by the internal documents of the Company approved by the Board of Directors.

## **Article 17**

### **Control of financial and economic activity of the Company**

17.1. In order to supervise economic and financial activity the Company shall be entitled to form a special structural unit – Auditing Commission – exercising internal control and to engage an independent auditor.

17.2. Auditing Commission shall be an independent supervisory organ of the Company consisting of 5 (five) members elected at the Annual General Shareholders' Meeting for a period till the next annual General Shareholders' Meeting.

17.2.1. General Shareholders' Meeting shall have the right to adopt resolution on pre-term cessation of powers of several or all members of the Auditing Commission.

In case of pre-term termination of powers of the members of the Auditing Commission, powers of new members of the Auditing Commission shall be legal till the next Annual General Shareholders' Meeting.

Should the number of the Auditing Commission members become less than half of the elected ones, Board of Directors shall be obliged to call Extraordinary General Shareholders' Meeting for election of new membership of the Auditing Commission. The remaining members of the Auditing Commission shall exercise their duties till new members of the Auditing Commission being elected at the Extraordinary General Shareholders' Meeting.

17.2.2. The following issues shall fall within the competence of the Auditing Commission:

- checking data adequacy in the Company's reports and financial documents;
- revealing facts of infringements of accounting standards and procedures on submission of financial reports designated by the legal acts of the Russian Federation;
- checking the observance of legal regulations on taxation;
- revealing facts of violation of the legal acts of the Russian Federation regulating financial and economic activity of the Company;
- evaluating economic expediency of economic and financial transactions of the Company;

17.2.3. Auditing Commission shall perform an audit of the Company's economic and financial activities on the results of the activity of the Company for a year.

Audit of the economic and financial activity of the Company shall be performed also at any time:

- on own initiative of the Auditing Commission;
- pursuant to the resolution of the General Shareholders' Meeting;
- pursuant to the resolution of the Board of Directors;
- at the request of a shareholder (shareholders) that owns 10 percent or more of the Company's total number of voting shares as at the date of making the request.

17.2.4. Upon request of the Auditing Commission persons holding positions in the Company's governing bodies shall be obliged to present documents on economic and financial activity of the Company.

17.2.5. Working procedures, size of remunerations for the members of the Auditing Commission and order of their payment shall be regulated by the Statute on the Auditing Commission of the Company approved by the General Shareholders' Meeting.

17.3. In order to ensure constant internal control over economic and financial activity the Company shall be entitled to form a special structural unit being independent of any executive organ of the Company and subordinate directly to the Board of Directors.

Functions of the aforementioned structural unit, order of its work, procedure of appointing its members and their responsibilities shall be regulated by internal documents approved by the Board of Directors.

17.4. In order to perform an audit of the statutory annual accounting reports the Company shall annually engage a licensed auditor having no common property interests with the Company or its shareholders.

17.4.1. Auditor shall perform an audit of economic and financial activity of the Company in accordance with legal acts of the Russian Federation on a contractual basis.

17.4.2. Auditor of the Company shall be approved by the General Shareholders' Meeting. Terms of the Agreement with the Auditor including size of payment (fee) for its services shall be approved by the Board of Directors of the Company.

17.4.3. Audit of economic and financial activity of the company shall be performed at any time at the request of shareholders owning in the aggregate 10 (ten) or more percent of the legal capital. The shareholders initiating an audit shall submit a written request to the Board of Directors including reason of the request, names of the shareholders, number and

type of shares owned by them, signature of the shareholder or his proxy. Should the request be signed by a proxy, Letter of Attorney shall be attached to the request.

## **Article 18**

### **Reorganization of the Company**

18.1. General Shareholders' Meeting shall have the right to adopt the resolution on voluntary reorganization of the Company. Other reasons and procedures of reorganization of the Company shall be determined in accordance with the effective legislation of the Russian Federation.

18.2. The Company may be reorganized through merger, acquisition, division, separation and transformation into different legal status in order set by the federal Law "On Joint Stock Companies".

## **Article 19**

### **Liquidation of the Company**

19. 1. General Shareholders' Meeting shall have the right to adopt the resolution on liquidation of the Company of its own free will or in accordance with the court judgment in cases and in order set by the effective legislation of the Russian Federation.

19.2. The Company shall be obliged to adopt the resolution on voluntary liquidation in cases provided for by the effective legislation of the Russian Federation.

19.3. Should the assets of the Company be insufficient for settlement of accounts with the creditors of the Company during the voluntary liquidation of the Company, Chairman of the Liquidation Commission of the Company appointed by the General Shareholders' Meeting shall be obliged to refer to arbitration with petition to initiate in relation to the Company a simplified bankruptcy procedure for a debtor being liquidated.

- (1) The term is used in the text of the Charter and needs interpretation.
- (2) All the activities are listed in accordance with the current Charter of “UTK” PJSC.